

Council Update on Sewering the City and Financial Options for Citizens
April 20, 2010

Remaining Sewer Districts – 53 Districts City Wide

1. Maps of remaining sewer districts by Council Zone
 - Zone 1 – 28
 - Zone 2 – 12
 - Zone 3 – 9
 - Zone 4 – 4
2. Remaining sewer districts contain 502 Single-Family Residences, 9 Churches, and 233 vacant lots

Current Financial Assistance Program

1. Tax Bill Grant and Deferred Lateral Loan Program
 - a) Grants are available to pay Tax Bill for eligible residents.
 - b) The \$1,500 lateral installation loan can be deferred until the house sells, for eligible residents.
2. Lateral Loan Program
 - a) Loans for installation of new laterals are \$1,500 for 10 years at 6% interest.
3. Cap Program
 - a) The maximum amount a single-family residence has to pay for a sewer tax bill is \$8,300 in 2010, and the loan can be paid over 15 years at the interest rate of 10 year Treasury notes.
 - b) The first payment on the tax bill is due one year after tax bill is issued
 - c) Cap can be raised administratively by the City Manager during the annual budget process by 5% every year after 2010.
4. Backflow Prevention Device
 - a) A \$3,000 grant to install a backflow prevention device is available, for eligible residents. The grant must be paid back if the house is sold within 10 years.
 - b) Residents that don't qualify for the grant can obtain a \$3,000 loan for 10 years at 4% interest.

Suggested Changes to Financial Assistance Program

1. Change all loan programs to a 15-year term.
2. Change all interest rates to the 10-year Treasury Notes now at 3.375%.
3. Combine the Lateral Loan Program with the Backflow Prevention Device program to cover overhead plumbing and installation of new laterals or rehabilitation of existing lateral systems. Raise the loan amount from \$8,000.

Options for moving forward with Council-directed removal of residential septic tanks

1. Continue current program to remove septic tanks
 - a) Systematically construct sewer districts until residential septic tanks are removed.
 - b) Continue Financial Assistance Programs with suggested changes.
 - c) Prioritize the sewer districts near sensitive features (rivers, creeks, floodplains, sinkholes, etc), areas with known septic tank problems, and districts where Citizens have petitioned for sewers.
2. Place a Moratorium on Sewer Construction
 - a) Delay the removal of failing residential septic tanks within Springfield.
 - b) Houses could not be built on vacant lots that don't have access to sewer and are not 3 acres and larger.
 - c) During the moratorium, the cost of construction could go up.
 - d) Would allow Residents time for the economy to improve before the tax bill payments come due.
3. Combine the increased lateral loan program into the tax bill loan program
 - a) This would allow residents to delay the first loan payment on both the tax bill and the lateral installation for a year.
 - b) The Tax Bill will accrue ~\$330 interest during the first year.
 - c) Currently, the \$1,500 lateral loan may be insufficient to pay for the entire lateral installation expense. If that is the case, then the resident is responsible for the remaining amount over the \$1,500 and will have to start payment on the amount over \$1,500 as soon as the lateral is installed or within 90 days of the tax bill being issued.
4. Combine the increased lateral loan program into the tax bill loan payment and defer the first payment for two years.
 - a) This would allow residents to delay the first loan payment on both the tax bill and the lateral installation for a year, providing residents additional time before the first payment is due.
 - b) The Tax Bill will accrue ~\$660 interest during the two years.
 - d) Currently, the \$1,500 lateral loan may be insufficient to pay for the entire lateral installation expense. If that is the case, then the resident is responsible for the remaining amount over the \$1,500 and will have to start payment on the amount over \$1,500 as soon as the lateral is installed or within 90 days of the tax bill being issued.
5. Assess all connected residents an annual fee for repair or installation of laterals
 - a) All properties pay the assessment and all properties are eligible to use the fund created.
 - b) In the current economy, this option is not being recommended, just provided as a solution other Missouri Cities have used to fix existing laterals that are failing.

- c) Missouri Cities that have this type of program include, but are not limited to St. Peters, Marilyn Heights, Clayton, Ellisville, O'Fallon, Calverton Park and Ballwin.
- d) A vote of the people would have to authorize collection of a Sewer Lateral Repair fee.
- e) Would still take home owner's corporation to install or replace lateral system.
- f) A special fund would be established to deposit the assessed fees. The fund could be audited annually.
- g) City would administer the program. City would inspect existing lateral to determine the repairs necessary, the Resident would get three bids to make repairs, the City would review the bids/authorize the work, Resident would hire plumber to make the repairs and the City would inspect the completed repairs and authorize payment.
- h) The assessment would be approximately \$25/year.
- i) This type of program works like an insurance policy.
- j) This type of program would address Infiltration and Inflow in the private lateral systems. Private lateral systems provide 50% of the infiltration and Inflow in public sewers.